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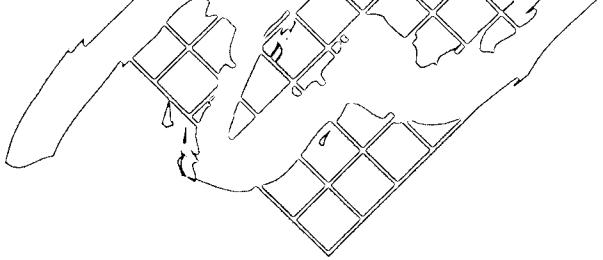
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ABSTRACT

Since the 1996 passage of the Personal Responsibility and Work Opportunity Act (welfare reform), impoverished children in single-parent families receive less aid than under the previous system, and the most disadvantaged of these children have slipped deeper into poverty. This research brief summarizes a study that explored the economic well-being of children in low-income single-parent families since welfare reform. Specifically, the brief examines how family income and access to health insurance, food stamps, and cash assistance changed for children in low-income single-parent families between 1996 and 2000. While child poverty has improved overall (the share of low-income children living in poverty has fallen), children in poor single-parent families in 2000 are less likely to receive cash assistance, Medicaid, and food stamps. Even the most disadvantaged children--those living in extreme poverty, defined as below half the poverty line--are less likely to receive benefits now than previously. (Author/HTH)

Research-in-Brief



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Children in Single-Parent Families Living in Poverty Have Fewer Supports after Welfare Reform

By Deanna M. Lyter, Melissa Sills, and Gi-Taik Oh

Since welfare reform, impoverished children in single-parent families receive less aid than under the previous system and the most disadvantaged of these children have slipped deeper into poverty. This Research-in-Brief summarizes a study that explores the economic well-being of children in low-income single-parent families since the 1996 passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) or welfare reform. Specifically, we examine how family income and access to health insurance, food stamps, and cash assistance changed for children in low-income single-parent families between 1996 and 2000. While child poverty has improved overall (the share of low-income children living in poverty has fallen), children in poor single-parent families in 2000 are less likely to receive cash assistance, Medicaid, and food stamps. Even the most disadvantaged children—those living in extreme poverty, defined as below half the poverty line—are less likely to receive benefits now than previously.

Data Source and Definitions

We analyze data from the 1996 panel of the Census Bureau's Survey of Income and Program Participation (SIPP), using two waves of data collected before and after welfare reform. Wave 1 covers the period from December 1995 to June 1996, and wave 12 covers from August 1999 to February 2000, about four years after the passage of PRWORA.¹

Our sample includes low-income children (below 200 percent of the official poverty line) in single-parent families whose parent is a single mother or father.² We divide these children into three categories based on their relationship to the poverty line: near poor, quite poor, and extremely poor.³ We also explore the economic outcomes for children of different ages— younger than six years of age and between six and seventeen years old.

Youngest Children Are at the Greatest Risk

Among all age groups, children are the most vulnerable to poverty (Dalaker 2001), even though child poverty has been declining since 1993 (U.S. DOC 2000). Declining child poverty rates have been attributed by researchers to a range of factors, including the unprecedented strength of the economy during this period (Hotz, Mullin, and Scholz 2001; Porter and Primus 1999), the

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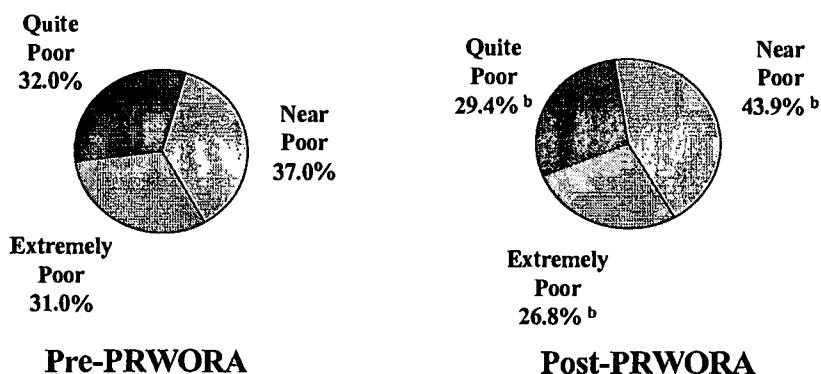
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Earned Income Tax Credit (Hotz, Mullin, and Scholz 2001; Johnson 2001), and the enactment of PRWORA (Sorensen and Oliver 2002).

Our analysis indicates that by 2000, the share of children with single parents living below the poverty line had fallen from 63 percent in 1996 to 56 percent of all low-income children with single parents—an 11 percent decline. The proportions of children who were classified as quite poor and extremely poor declined as well (see Figure 1).

Figure 1. Proportions of Low-Income Children in Single-Parent Families by Poverty Status^a, Pre- and Post-PRWORA



^a Near Poor children have family incomes that are less than 200% but greater than or equal to 100% of the poverty line. Quite Poor children have family incomes that are less than 100% and equal to or greater than 50% of the poverty line. Extremely Poor children have family incomes below 50% of the poverty line.

^b Changes from the pre-PRWORA period to the post-PRWORA period are statistically significant at the 95 percent confidence level.

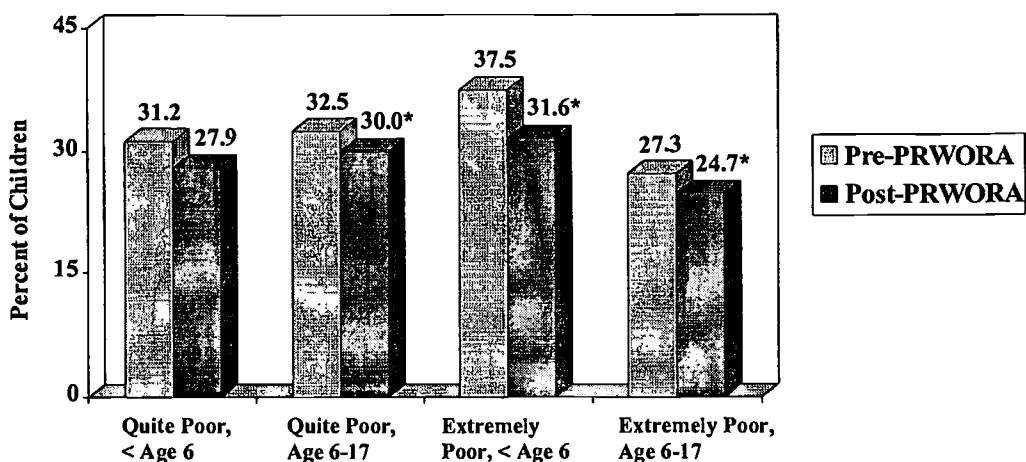
Source: Authors' calculations based on the 1996 panel of SIPP data collected for December 1995 to June 1996 (Wave 1) and for August 1999 to February 2000 (Wave 12).

Our study finds that the youngest children are at the greatest risk. Both before and after welfare reform, children younger than six in single-parent families were more likely to live in extreme poverty than their older counterparts, notwithstanding the declines in poverty for both younger and older children.

Poverty dropped significantly for quite poor children between the ages of six and seventeen (falling from 33 percent of low-income children in 1996 to 30 percent in 2000). In comparison, the economic well-being of children younger than six who were quite poor did not improve by a statistically significant amount (see Figure 2).

Young children—less than six years of age—are more likely to be extremely poor than their school-aged counterparts. Prior to welfare reform nearly 38 percent of young children with single parents were extremely poor compared with 27 percent of children ages six to seventeen. By 2000, these proportions had fallen significantly to 32 percent and 25 percent, respectively. The gap between the age groups has diminished, but young children remain at the greatest risk of extreme poverty.

Figure 2. Proportions of Quite Poor and Extremely Poor Children in Low-Income Single-Parent Families by Age, Pre- and Post-PRWORA



*Changes from the pre-PRWORA period to the post-PRWORA period are statistically significant at the 95 percent confidence level

Source: Authors' calculations based on the 1996 panel of SIPP data collected for December 1995 to June 1996 (Wave 1) and for August 1999 to February 2000 (Wave 12).

Cash Assistance Reached Fewer Children in Poverty

In 2000, TANF provided less cash assistance to poor children in single-parent families than they received in 1996 under TANF's predecessor, AFDC.⁴ This was true for both quite poor and extremely poor children.

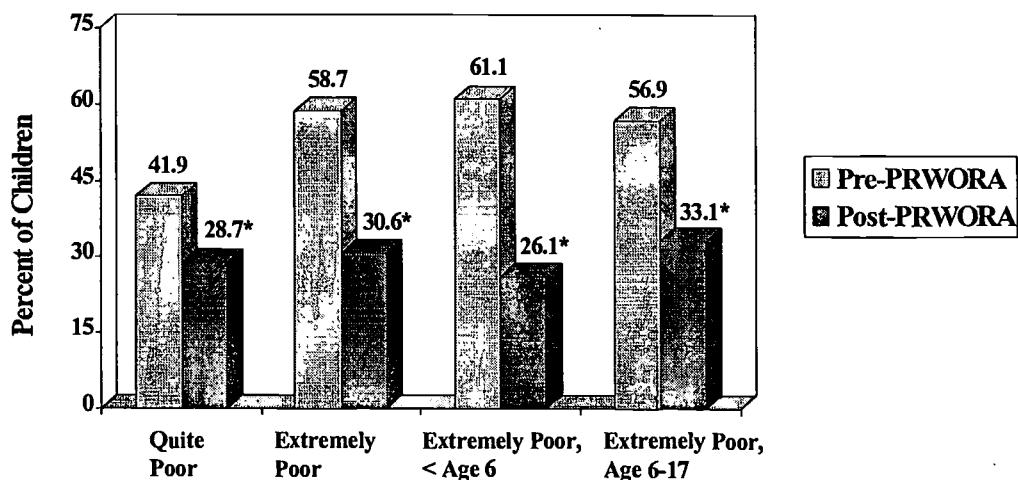
Cash assistance receipt declined by nearly one-third for quite poor children in single-parent families, from 42 percent in 1996 to 29 percent in 2000 (see Figure 3). The sharp decline in assistance over four years is not attributable to declining poverty, since during this period the proportion of children under eighteen who were quite poor and lived with single parents dropped by only 8 percent.⁵ If the decline in cash assistance were the result of declining poverty, we would expect a much larger reduction in poverty.

Among extremely poor children in 1996, AFDC coverage was more extensive compared to that of quite poor children, which is not surprising given their greater need. By 2000, however, the share of extremely poor children receiving TANF had been cut almost in half, from 59 to 31 percent. Four years after welfare reform children living in extreme poverty were only slightly more likely to receive cash assistance than quite poor children (31 percent vs. 29 percent, respectively).

Children younger than six, already the most likely to be extremely poor, were *less* likely than older children to be covered by TANF in 2000. Among older children in extreme poverty, coverage fell by two-fifths (from 57 percent to 33 percent). The share of young children in extreme poverty in families receiving TANF dropped by nearly three-fifths (from 61 percent to

26 percent). Prior to welfare reform, children younger than six were more likely to receive cash assistance than their school-aged counterparts. By 2000, the youngest children were the least likely to receive TANF.

Figure 3. Children in Single-Parent Families Receiving Welfare by Poverty Status and Age, Pre- and Post-PRWORA



*Changes from the pre-PRWORA period to the post-PRWORA period are statistically significant at the 95 percent confidence level

Source: Authors' calculations based on the 1996 panel of SIPP data collected for December 1995 to June 1996 (Wave 1) and for August 1999 to February 2000 (Wave 12).

Family Income Declined for Children in Extreme Poverty

Despite the increased work effort of their parents and declining poverty overall, family income⁶ declined for extremely poor children between 1996 and 2000. Extremely poor children slipped deeper into poverty. They also suffered the most from the caseload reduction under TANF.

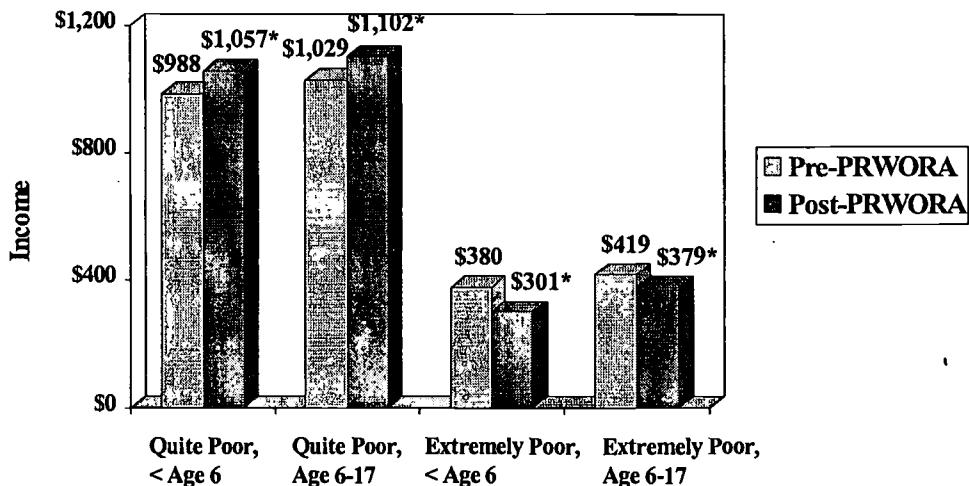
Since welfare reform, the proportion of quite poor and extremely poor children whose single parents worked at least some of the time increased significantly—from 50 to 60 percent for quite poor children and from 21 percent to 30 percent for extremely poor children. Among quite poor single-parent families average monthly income increased significantly from 1996 to 2000, but young children in this group continue to have comparatively lower monthly incomes than older children, on average:

- For quite poor children under six, family income rose from \$988 to \$1,057—an average of \$69 more per month.
- For quite poor children between six and seventeen, family income rose from \$1,029 to \$1,102—a \$73 average monthly increase.

While the income picture for children who are quite poor shows improvement, it is decidedly negative for children in extreme poverty (see Figure 4). For both age groups living in extreme poverty, average monthly family income dropped significantly after welfare reform. Once again, the hardest hit have been those already facing the greatest risk—children younger than six years of age.

- For children younger than six living in extreme poverty, family income declined from \$380 to \$301—a decline of \$79 per month on average.
- For school-aged children living in extreme poverty, family income fell from \$419 to \$379—a \$40 monthly decrease on average.

Figure 4. Average Monthly Income for Children in Single-Parent Families by Poverty Status and Age, Pre- and Post-PRWORA



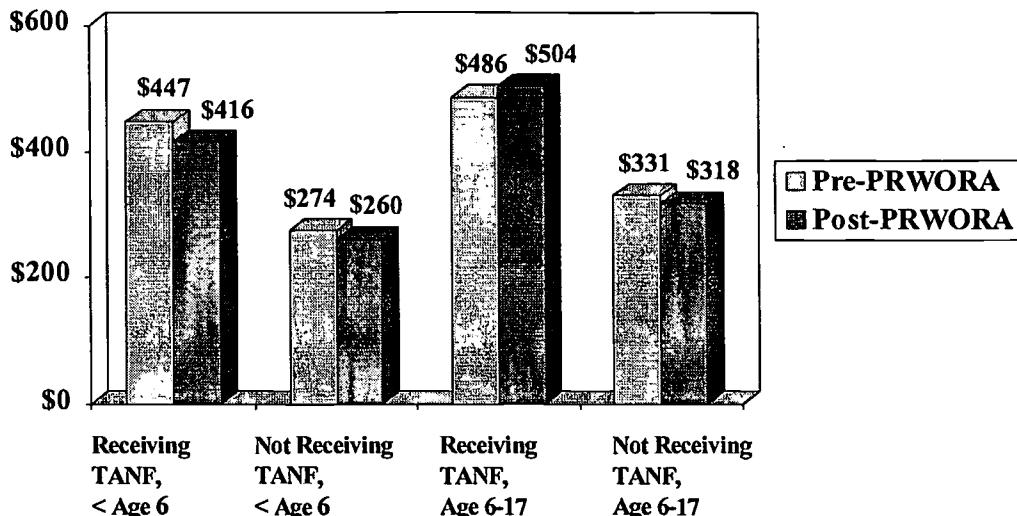
*Changes from the pre-PRWORA period to the post-PRWORA period are statistically significant at the 95 percent confidence level

Source: Authors' calculations based on the 1996 panel of SIPP data collected for December 1995 to June 1996 (Wave 1) and for August 1999 to February 2000 (Wave 12).

The decline in income is largely the result of fewer children receiving cash assistance from TANF (see Figure 5). Between 1996 and 2000 there was no statistically significant change in the average monthly income of non-recipient single-parent families in extreme poverty. This group, although very poor, is not worse off after welfare reform. Extremely poor single-parent families that receive TANF, however, have monthly incomes nearly 60 percent larger than the incomes of non-recipient single-parent families in extreme poverty:

- For children younger than six in families receiving TANF, the average monthly family income was \$416 compared with \$260 for non-receiving families.
- For school-aged children in families receiving TANF, the average monthly family income was \$504 compared with \$318 for non-receiving families.

Figure 5. Average Monthly Income for Children in Extremely Poor Single-Parent Families by Age and Welfare Status, Pre- and Post-PRWORA



*Changes from the pre-PRWORA period to the post-PRWORA period are statistically significant at the 95 percent confidence level.

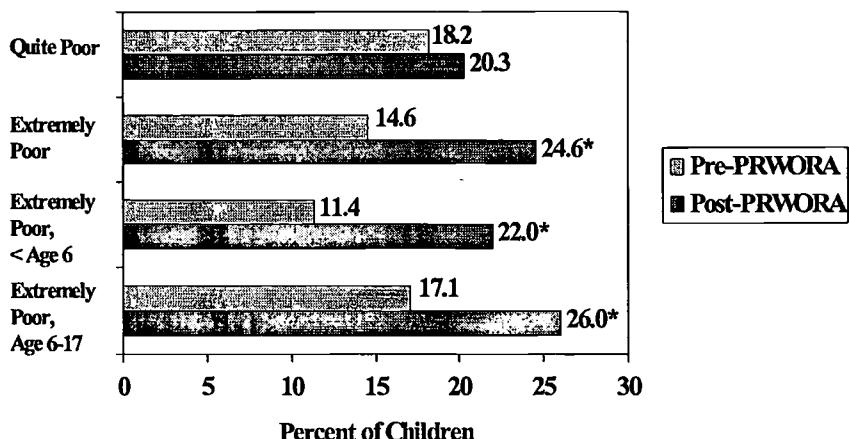
Source: Authors' calculations based on the 1996 panel of SIPP data collected for December 1995 to June 1996 (Wave 1) and for August 1999 to February 2000 (Wave 12).

Children in extreme poverty in 2000 lived in deeper conditions of poverty compared with their counterparts in 1996. The fact that fewer children and their families receive welfare does not mean that poverty among the poorest is on the decline and that welfare is no longer needed. On the contrary, the need for income support remains just as great, if not greater, but many of those who are in need are no longer receiving cash assistance. Consequently, the poorest children are suffering the most from the caseload reduction focus of the 1996 welfare reform legislation.

Health Insurance Coverage Declined for Children in Extreme Poverty

Falling child poverty and increasing parental work participation did not lead to increased health care coverage.⁷ Poor children living with single parents were at a greater risk of going without health care coverage four years after welfare reform. From the pre-reform period to the post-reform period, access to health insurance fell slightly for quite poor children, but the change was not statistically significant (see Figure 6). In contrast, the percentage of extremely poor children without any health insurance increased by two-thirds from 15 percent to 25 percent of extremely poor children. Prior to welfare reform, children in extreme poverty were less likely than quite poor children to lack health care coverage. By 2000, this relationship had reversed, leaving those in extreme poverty at greater risk of being uninsured.

**Figure 6. Uninsured Children in Single-Parent Families
by Poverty Status and Age, Pre- and Post-PRWORA**



*Changes from the pre-PRWORA period to the post-PRWORA period are statistically significant at the 95 percent confidence level.

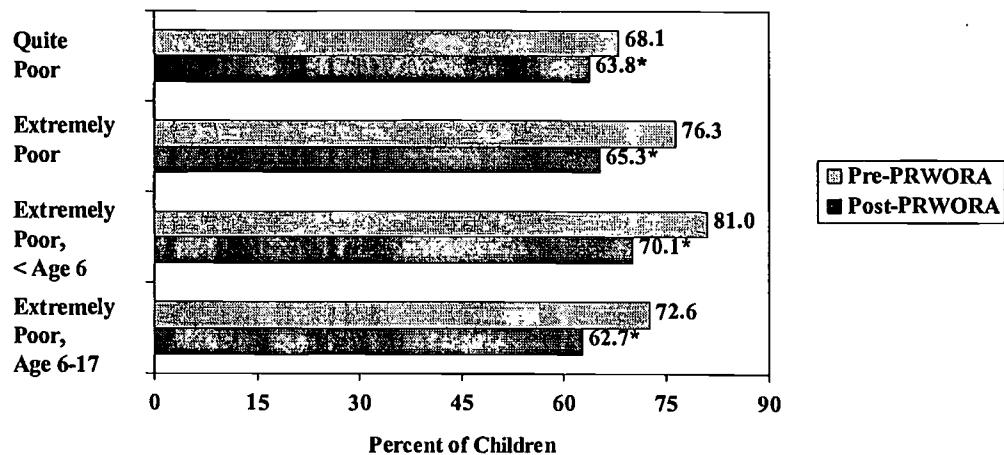
Source: Authors' calculations based on the 1996 panel of SIPP data collected for December 1995 to June 1996 (Wave 1) and for August 1999 to February 2000 (Wave 12).

Younger children in extreme poverty became uninsured at a greater rate than school-aged children. The percentage of extremely poor children without any health insurance nearly doubled for young children, while increasing by more than 50 percent for school-aged children. Although younger children were much less likely than older children to lack health insurance in the pre-reform period, the gap between the age categories began to close after welfare reform as both age groups lost health insurance. Yet, younger children lost coverage even more rapidly than older children.

Falling rates of Medicaid enrollment contributed to the increasing rates of uninsured children. Between the pre-reform and post-reform period, Medicaid coverage declined by 4 percentage points for quite poor children and 11 percentage points for extremely poor children (see Figure 7). Both age groups living in extreme poverty experienced a 14 percent decline in Medicaid coverage, but very young children received better coverage than their older counterparts in both periods. Our findings show that private health insurance coverage did not compensate for these declines in Medicaid enrollment among children in single-parent families who were quite poor and extremely poor.

Among all low-income children living in single-parent families, Medicaid enrollment declined by 5 percent for welfare recipients and increased by 8 percent for non-recipients from the pre-reform to the post-reform period (data not shown). Medicaid coverage rates, however, remained much higher for children living with single parents who received TANF than for children in families that did not receive welfare (88 percent vs. 41 percent). Families already in the system and receiving cash assistance were far more likely to enroll their children in Medicaid.

Figure 7. Children in Single-Parent Families with Medicaid Coverage by Poverty Status and Age, Pre- and Post-PRWORA



*Changes from the pre-PRWORA period to the post-PRWORA period are statistically significant at the 95 percent confidence level

Source: Authors' calculations based on the 1996 panel of SIPP data collected for December 1995 to June 1996 (Wave 1) and for August 1999 to February 2000 (Wave 12).

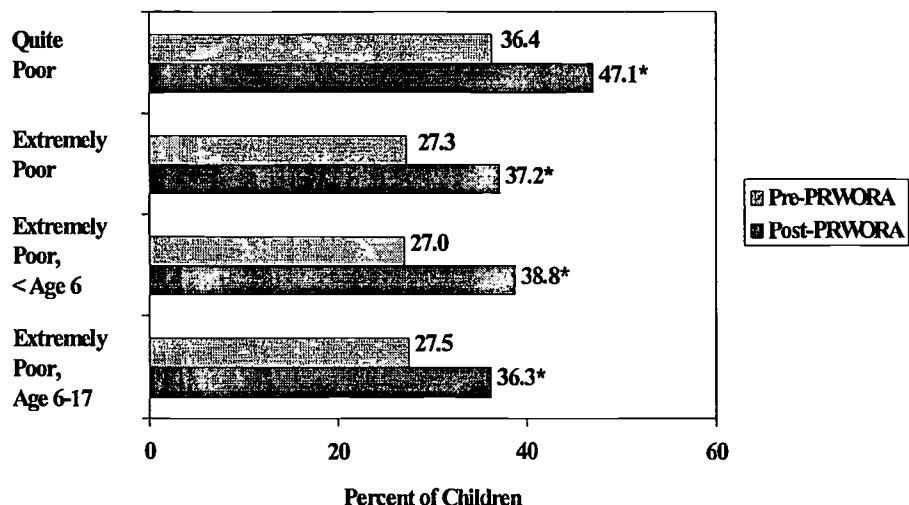
Fewer Poor Children Received Food Stamps

For all poor children in single-parent families, access to food stamps declined between 1996 and 2000.⁸ This was true for both quite poor and extremely poor children. The proportion of children whose families received no food stamps rose from 36 percent to 47 percent for quite poor children and from 27 percent to 37 percent for extremely poor children (see Figure 8). This change reflects a 30 percent increase in the proportion of quite poor children and a 36 percent increase in the proportion of extremely poor children without access to food stamps.

Food stamp coverage declined for all children living in extreme poverty. Prior to welfare reform, younger children were slightly more likely to receive food stamps than older children. These circumstances reversed, leaving young children with *less* access after welfare reform. By 2000, the percentage of children who lived in extreme poverty but did not receive any food stamps had increased by 32 percent for school-aged children and 44 percent for young children.

There were no significant changes in food stamp receipt for welfare recipients and non-recipients between 1996 and 2000 (data not shown). Low-income children in families who received welfare, however, were reached the most effectively. Over 90 percent of children in welfare-receiving families had some food stamp coverage, compared with less than one-third of children in non-receiving families. This indicates that families who were in the system and receiving welfare were more likely to have access to additional supports. Families who were not receiving TANF because of time limits, sanctions, and/or because they were working may have found themselves isolated from important sources of support like Medicaid and food stamps.

Figure 8. Children in Single-Parent Families without Food Stamps by Poverty Status and Age, Pre- and Post-PRWORA



*Changes from the pre-PRWORA period to the post-PRWORA period are statistically significant at the 95 percent confidence level

Source: Authors' calculations based on the 1996 panel of SIPP data collected for December 1995 to June 1996 (Wave 1) and for August 1999 to February 2000 (Wave 12).

Conclusion

While many herald the success of welfare reform because of increasing work participation by adults, diminishing caseloads, and declining poverty, a more complex picture is emerging. Not all families have experienced an increase in their ability to be self-sufficient. Not all children are better off economically. Children and families who live in conditions of extreme poverty have not had their lives improved by the stricter requirements of PRWORA. Instead, between 1996 and 2000 average family income dropped and access to important support services declined for children most in need. Poor children living in single-parent families—both those who were quite poor and extremely poor—were less likely to receive TANF, Medicaid, and food stamps in 2000 than in 1996. Those in families who were not receiving TANF were much less likely to receive Medicaid or food stamps than the shrinking number of children who received TANF.

Given the strong emphasis on work first, time limits, and caseload reduction in the post-welfare reform era, children who remain poor are not likely to receive the cash assistance, Medicaid, and food stamps they need.

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Endnotes

¹ There are four rotation groups of respondents in each wave who report on the previous four months. Because the rotation groups are staggered, the information provided for each wave covers seven calendar months.

² All children in the sample are younger than eighteen years of age and are related to the survey's reference person in the following ways: own child, grandchild, foster child, brother or sister, other relative, or unrelated child. We have included a broad array of children in order to capture the multitude of family arrangements and to create a representative economic picture of low-income children. We have chosen to use the term "parent" because the reference adult is fulfilling the role of parent. Consequently, in this sample, parents include biological parents, step-parents, adopted parents, foster parents, grandparents, aunts, uncles, older siblings, or other related and unrelated caregivers. Parents are defined as single if they were widowed, divorced, separated, or never married for each month of the survey period. In 1996, 10.6% of low-income children with single parents lived with single men and 89.4% lived with single women. In 2000, 88.4% of low-income children with single parents lived with single women and 11.6% lived with single men.

³ We define a child as low income if his or her family's average monthly income during the survey period falls below 200 percent of the official poverty level based on family size. We divide children who are living below the poverty line into those who are "quite poor" and those who are "extremely poor" in order to highlight the differences in packages of support being received by each subgroup. A child is defined as quite poor when the average income of the child's family is less than 100 percent but greater than or equal to 50 percent of the official poverty threshold in each of the four months. A child who is extremely poor lives in a family with an average family income that is below 50 percent of the official poverty threshold.

⁴ Children are identified as receiving welfare if their families reported receiving cash assistance through TANF or AFDC at any time during the four-month reference period.

⁵ The proportion of quite poor children dropped from 32% in 1996 to 29.4% in 2000 – an 8 percent decline.

⁶ Family income includes all income and benefits received from government programs (i.e. food stamps, welfare, SSI, unemployment insurance, disability insurance, etc.), earnings, child support, and all other sources. All income figures are in February 2000 dollars.

⁷ Children are defined as having health care coverage (i.e., Medicaid, Private Health Insurance, Military-related coverage, or any coverage) if they were covered by one of these sources at any time during the reference period. Uninsured children reported no health insurance coverage during the four-month reference period. The sources of health care coverage do not sum to 100 percent because some children have more than one source of health insurance.

⁸ Children with access to food stamps reported receiving food stamps at any time during the reference period. Children without access to food stamps received no food stamps during the four-month reference period.

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